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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION:
TRADE AND DEVELOPMENT

Strengthening international organizations in the area of multilateral trade

Report of the Secretary-General

I. INTRODUCTION

1. In its resolution 48/54 of 10 December 1993 the General Assembly, while recalling its resolutions 45/201 of 21 December 1990, 46/207 of 20 December 1991 and 47/184 of 22 December 1992 and taking note of the report of the Secretary-General concerning institutional developments related to the strengthening of international organizations in the area of multilateral trade (A/48/363), requested the Secretary-General to prepare, for submission to the Assembly at its forty-ninth session, an updated report on the matter, taking into account the positive institutional outcome and implementation of the results of the eighth session of the United Nations Conference on Trade and Development and the developments in the Uruguay Round of multilateral trade negotiations. The Assembly once again urged all Governments, competent regional economic integration organizations, and the executive heads of the competent specialized agencies and of other organizations and programmes of the United Nations system to continue to present their views to the Secretary-General on the matter.

* A/49/150.

II. INSTITUTIONAL OUTCOME AND IMPLEMENTATION OF THE RESULTS OF THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

2. The General Assembly, in its resolution 48/55 of 10 December 1993 on international trade and development, noted the progress made by the United Nations Conference on Trade and Development (UNCTAD) in the implementation of the outcome of the eighth session of its Conference and emphasized the importance of follow-up and monitoring of the policies and measures set forth in the Cartagena Commitment. 1/

3. As may be recalled, several of the decisions taken by the Conference at its eighth session have a direct bearing on the issue of strengthening international organizations in the area of multilateral trade. Thus, the Conference reaffirmed UNCTAD's mandate and important role in the international trading system and established broad policy objectives for the international community in this area. The Conference also agreed that UNCTAD provides the most appropriate focal point, within the United Nations proper, for the integrated treatment of development and interrelated issues in key areas, including trade, finance, investment, services and technology, in the interests of all countries, particularly those of developing countries. 2/ The General Assembly, in its resolution 47/183 of 22 December 1992, reaffirmed the role of UNCTAD as described above.

4. In addition, the eighth session of the Conference set forth a number of new tasks for UNCTAD in the area of multilateral trade. In particular, the Trade and Development Board of UNCTAD was requested to analyse and assess the impact of the Uruguay Round on the international trading system, and, in that context, to examine the problems and opportunities faced by the developing countries, as well as the economies in transition concerned, in increasing their participation in international trade in goods and services in the 1990s. This assessment will be conducted by the Board at the first part of its forty-first session in September 1994, on the basis of analyses prepared by the UNCTAD secretariat. The Board's ongoing activities also include such topics as trade-policy reforms in developing countries and economies in transition and the international support required for that process, regional integration processes and their impact on the international trading system, and trade and the environment.

5. After the Marrakesh Ministerial Meeting, held in April 1994, which concluded the Uruguay Round, the Trade and Development Board at the second part of its fortieth session adopted agreed conclusions 410 (XL) on the Uruguay Round. 3/ The conclusions, in particular, recalled UNCTAD's mandate and important role in the post-Uruguay Round international trading system and defined UNCTAD's tasks in that regard. The agreed conclusions noted UNCTAD's relevance as an institution that provides a forum for policy analysis, intergovernmental deliberation, consensus-building and negotiation, monitoring, implementation and follow-up, and technical cooperation that takes into account the special interests of developing countries in trade and development. It was also recognized that there should be constructive and effective cooperation between UNCTAD and the new World Trade Organization (WTO), based on the complementary functions of the two organizations. In that context, the Board agreed that UNCTAD should prepare policy analysis and provide a forum for

intergovernmental deliberation and global consensus-building on the new and emerging issues of the international trade agenda, such as trade and the environment and competition policy, thus contributing to a better understanding of such issues, including their development implications for developing countries.

6. On the other hand, many specific trade and trade-related matters have been considered by the newly established intergovernmental organs of UNCTAD, particularly the Standing Committee on Developing Services Sectors and the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries. For example, the Standing Committee on Developing Services Sectors, at its second session, in July 1994, adopted comprehensive recommendations aimed at the concretization of its work programme, particularly in relation to the establishment of a database on measures, including laws and regulations, affecting access to world markets for services, and at the identification of the difficulties facing developing countries in increasing their participation in trade in services, especially those relating to the movement of persons and in the services sectors, for which negotiations are continuing in GATT/WTO after the Uruguay Round.

7. UNCTAD continues to be fully engaged in comprehensive technical cooperation activities by providing technical assistance and expertise in the area of multilateral trade to developing countries, including activities related to their effective utilization of the Uruguay Round agreements. Several Governments of countries not contracting parties to GATT have sought UNCTAD's technical assistance on matters relating to their effective participation in the international trading system, including their accession to GATT/WTO.

Mid-term review of UNCTAD's work programme

8. As agreed in paragraph 68 of the Cartagena Commitment, a review and evaluation of the work programme of UNCTAD's intergovernmental machinery was conducted between February and May 1994 so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the ninth session of the Conference. This work culminated in the adoption by the Trade and Development Board of conclusions and decisions 415 (XL) at the resumed second part of its fortieth session on 27 May 1994. 4/

9. The Board judged that considerable progress had been achieved in the implementation of the Cartagena Commitment. The process of intergovernmental deliberations in UNCTAD, in particular the exchange of national experiences, had been useful. The structures and working methods established by the eighth session of the Conference had shown considerable potential for achieving the desired results. Experience with the ad hoc working group mechanism had been especially valuable, ensuring a high technical level of discussions and a substantial volume of work, providing orientations for future work, and creating the premises for further movement in the dynamic and progressive sequence envisaged by the Cartagena Commitment.

10. At the same time, the Board identified several areas where there was scope for improvement and change, such as (a) streamlining of the structure of the subsidiary bodies of the Board and of working methods, such that there would be

fewer intergovernmental bodies and more focused mandates; (b) avoidance of unnecessary duplication, both within UNCTAD and between the work of UNCTAD's intergovernmental bodies and that of other organizations, while allowing for productive complementarity whereby issues considered in other organizations would be examined from the particular perspectives of UNCTAD; (c) specific concerns of the least developed countries should be better reflected in the documents as well as in the agendas of the intergovernmental mechanisms of UNCTAD, and the difficulties faced by developing countries in participating in the work of UNCTAD's intergovernmental bodies should be addressed, particularly with a view to ensuring the participation of experts from capitals; and (d) more attention should be given to making the outcomes of intergovernmental deliberations more policy- and action-oriented, in order to agree on implementable commitments whenever possible.

11. The Board has also reviewed its own intergovernmental machinery, including procedural and substantive aspects of its regular and executive sessions, and those of the standing committees. The Board decided that the five original ad hoc working groups should be wound up, since all of them had addressed, albeit in varying degrees, all the elements in their respective terms of reference. The Board established three new ad hoc working groups, two of which have direct relevance to international trade matters, as follows:

(a) Ad Hoc Working Group on Trading Opportunities in the New International Trading Context;

(b) Ad Hoc Working Group on Trade, Environment and Development;

(c) Ad Hoc Working Group on the Role of Enterprises in Development.

12. The terms of reference of the Ad Hoc Working Group on Trading Opportunities in the New International Trading Context foresee (a) that the Group should identify new trading opportunities arising from the implementation of the Uruguay Round agreements, with a view to enhancing the ability of developing countries, in particular the least developed countries and countries in transition concerned, to take full advantage of such opportunities; (b) that it should identify where and how developing countries and economies in transition concerned could be assisted to make use of the special clauses providing differential and more favourable treatment and to implement and benefit from the commitments undertaken; (c) that it should also analyse the modalities for giving effect to the decision on special provisions for least developed countries; and (d) that it should identify areas in which technical cooperation should be strengthened.

13. The Ad Hoc Working Group on Trade, Environment and Development will (a) examine the effects of environmental policies, standards and regulations on market access and competitiveness, in particular of the developing countries, especially the least developed among them, and countries in transition, taking into account the financial and technological implications; (b) identify and analyse emerging environmental policy instruments that have an impact on trade; (c) explore the market opportunities and implications for exporters which may flow from the demand for "environmentally friendly" products; and (d) study

eco-labelling and eco-certification schemes, and possibilities for international cooperation in this field.

14. In addition, the Board agreed to the holding of a seminar on regional economic arrangements and their relationship with the multilateral trading system. It decided to address, at an executive session to be convened at the earliest possible opportunity, the modalities for dealing with the implications for the trading opportunities of developing countries and countries in transition concerned of new and emerging issues on the international trade agenda.

15. The Board has also begun a policy review of UNCTAD's technical cooperation on the basis of a report prepared by independent consultants 5/ and has decided to complete the review at its special executive session, to be convened at the earliest possible opportunity. The report by the independent consultants emphasized, in particular, that the establishment of WTO called for a more intensive effort from UNCTAD to support developing countries in adjusting to new multilateral trading rules, as well as in conceptual consensus-building on new issues related to trade.

III. CONCLUSION OF THE URUGUAY ROUND: AGREEMENT ESTABLISHING THE WORLD TRADE ORGANIZATION

16. The Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations 6/ was signed at the Marrakesh Ministerial Meeting of the Trade Negotiations Committee on 15 April 1994. The Final Act provides that the Agreement Establishing the World Trade Organization (WTO), to which all substantive agreements and understandings are annexed, forms an integral part of the Final Act.

17. The WTO agreement was opened for acceptance at Marrakesh, and participants who represented GATT contracting parties were invited to sign it. At Marrakesh, a total of 111 countries out of 125 formal participants in the Uruguay Round signed the Final Act. The WTO agreement was signed by 104 participants, in many cases subject to further ratification or approval. Seven countries (Australia, Botswana, Burundi, India, Japan, the Republic of Korea and the United States of America) did not sign the WTO agreement because of their respective national legislative procedures. 7/

18. In addition, several ministerial decisions were adopted at Marrakesh to ensure the transition from GATT to WTO. In particular, the Decision on the Establishment of the Preparatory Committee for WTO 8/ envisages a transitional organizational structure and a programme of action, including seeking solutions to various administrative, procedural and legal matters to ensure the efficient operation of WTO as soon as it comes into existence on 1 January 1995, assuming that the ratification process by countries is completed by that time. To this end, the Preparatory Committee has established four subcommittees (on budget, finance and administration; institutional, procedural and legal matters; services; and trade and the environment), whose substantive work began in June and July 1994.

19. In this context, it will be noted that, under paragraph 8 (b) (iii) of the Decision on the Establishment of the Preparatory Committee for WTO, the Committee is mandated to make recommendations to the General Council of WTO concerning the appropriate arrangements with respect to relations with other organizations referred to in article V of the WTO agreement. Within the Preparatory Committee, this work has been assigned to the Subcommittee on Institutional, Procedural and Legal Matters, which began consideration of the matter in July 1994 on the basis of two factual background notes by the GATT secretariat 9/ describing (a) intergovernmental organizations, including the United Nations, that are mentioned in the Uruguay Round agreements, and their functions and activities; (b) other intergovernmental organizations whose work might be relevant to WTO and their main functions and activities, and (c) existing arrangements between GATT and the Uruguay Round bodies and respective international organizations, including the United Nations and UNCTAD. The status of work in the Subcommittee on this issue is still of a preliminary nature, the positions of participants being in the process of formulation. However, the emerging approach among the participating Governments indicates that they would prefer to establish relations, at least during the initial phase of WTO's existence, with a minimal number of other intergovernmental organizations, and that such relationships should be based on the different functions of WTO and the respective international organizations. The United Nations and UNCTAD were mentioned among organizations with which WTO should establish a relationship on a priority basis. The work of the Subcommittee will resume in September 1994 and extend to approximately mid-November with the objective of preparing recommendations for the Preparatory Committee and the Uruguay Round Implementation Conference, scheduled to take place in the period of 6 to 15 December 1994.

20. The preliminary assessments that have been prepared to date generally indicate that the conclusion of the Uruguay Round should result in a substantial strengthening of the multilateral trading system, essentially by (a) providing much more detailed rules to govern a variety of trade policy measures, particularly those where weak or unclear disciplines had consistently been a source of trade tensions and the subject of trade disputes; (b) devising new multilateral trade rules to cover trade in services and intellectual property rights; (c) achieving a substantial degree of tariff liberalization so as to maintain momentum towards ever freer international trade; (d) linking together all the agreements within a formal, institutional framework (i.e., WTO) subject to an integrated dispute settlement mechanism; (e) reducing the discriminatory aspects of regional trade agreements; and (f) effectively raising the multilateral obligations of all countries to broadly comparable levels, with differential and more favourable treatment for developing countries being delineated in a more specific, contractual manner. However, the WTO members, particularly developing countries, will only be able to derive and maximize the anticipated benefits from the post-Uruguay Round trading system through active assertion and pursuit of their rights. Effective utilization of the Uruguay Round agreements will thus require coordinated governmental machinery on trade matters in order to monitor how new rules are complied with by trading partners with respect to national trade interests, as well as to implement effectively the multilateral rules in national legislation, and to establish institutional mechanisms for that purpose. Technical assistance programmes designed to assist

developing countries and economies in transition to respond to these challenges are considered necessary. 10/

Main features of the World Trade Organization

21. Although not foreseen in the Punta del Este Ministerial Declaration on the Uruguay Round, 11/ which launched the Uruguay Round in 1986, the idea of WTO was presented by its main proponents as a necessary means for implementing the results of the Uruguay Round within a common institutional framework, as well as for imposing additional multilateral discipline on other countries, particularly on their unilateral trade measures.

1. Content and functions

22. The Agreement Establishing the World Trade Organization consists of a preamble, 16 articles and 4 annexes. 12/ With the exception of general references contained in its preambular paragraphs, it does not incorporate any substantive multilateral rules and disciplines, concerning, for example, most-favoured-nation treatment, non-discrimination or national treatment, but is confined to institutional and procedural aspects.

23. Annexes 1A, 1B and 1C of the WTO agreement contain multilateral trade agreements.

24. Annex 1A covers:

(a) The General Agreement on Tariffs and Trade 1994, which consists of:

(i) the provisions of the General Agreement on Tariffs and Trade 1947, as rectified, amended or otherwise modified by the terms of legal instruments that have entered into force before the date of entry into force of the WTO agreement, except the Protocol of Provisional Application;

(ii) the provisions of the legal instruments that have entered into force under the General Agreement on Tariffs and Trade 1947 before the date of entry into force of the WTO agreement, such as protocols relating to tariff concessions, protocols of accession, excluding provisions related to the Protocol of Provisional Application, waivers granted under the General Agreement on Tariffs and Trade 1947 and still in force on the date of entry into force of the WTO agreement, and other decisions under the General Agreement on Tariffs and Trade 1947;

(iii) the Understandings reached in the Uruguay Round concerning interpretations of several articles of the General Agreement on Tariffs and Trade;

(iv) The Marrakesh Protocol, containing schedules of concessions on market access in goods;

(b) The Tokyo Round Codes, as they result from the Final Act of the Uruguay Round, and their associated legal instruments, except those codes and arrangements found in annex 4;

(c) New agreements reached at the Uruguay Round (Agreement on Safeguards, Agreement on Trade-Related Investment Measures, Agreement on Preshipment Inspection; Agreement on Rules of Origin, Agreement on Agriculture and Agreement on Textiles and Clothing).

25. Annex 1B contains the General Agreement on Trade in Services and its associated legal instruments, while annex 1C contains the Agreement on Trade-Related Aspects of Intellectual Property Rights.

26. Annex 2 contains the Understanding on Rules and Procedures Governing the Settlement of Disputes, while annex 3 contains the text on the Trade Policy Review Mechanism. The Plurilateral Trade Agreements (Agreement on Trade in Civil Aircraft, Agreement on Government Procurement, International Dairy Agreement and International Bovine Meat Agreement) are contained in annex 4.

27. The agreements in annexes 1 to 3 are binding on all members of WTO, and, in fact, their acceptance, along with specific schedules of concessions in tariffs and services, is a strict condition for membership (art. XI).

28. The agreements contained in annex 4 may have limited membership, and create rights and obligations only for members that have accepted them.

29. The Agreement provides that WTO will be guided by the decisions, procedures and customary practices established under the General Agreement on Tariffs and Trade 1947. In the event of a conflict between its provisions and those of any of the multilateral trade agreements annexed to it, the provisions of the WTO agreement will prevail. It does not allow any reservations to be made in respect of any of its provisions (art. XVI).

30. The WTO agreement stipulates that the General Agreement on Tariffs and Trade 1994 and the General Agreement on Tariffs and Trade 1947 are "legally distinct" (art. 11). It was decided in the final stages of the Uruguay Round that, rather than undertaking the task of specific identification of those parts of the General Agreement on Tariffs and Trade 1947 that were to be superseded by the WTO agreement, the General Agreement on Tariffs and Trade 1947 would be incorporated "by reference" through inclusion of an incorporation clause in annex 1A of the WTO agreement.

31. WTO will thus provide the common institutional framework for the conduct of trade relations among its members in matters related to the agreements and associated legal instruments included in the above-mentioned annexes. Among its functions are: (a) facilitation of the implementation, administration and operation of the annexed agreements; (b) provision of the forum for negotiations among its members concerning their multilateral trade relations in matters dealt with under the annexed agreements, and of a forum for further negotiations among its members concerning their multilateral trade relations, as well as a framework for the implementation of the results of such negotiations; (c) administration of the Dispute Settlement Body; (d) administration of the

Trade Policy Review Mechanism; and (e) cooperation, as appropriate, with IMF and the International Bank for Reconstruction and Development and its affiliated agencies with a view to achieving greater coherence in global economic policy-making (art. III).

2. Organizational structure

32. The WTO organizational structure, which is open to all WTO members, consists of a Ministerial Conference, meeting at least once every two years, and a General Council, meeting as appropriate. The General Council will also carry out the functions of a Dispute Settlement Body and a Trade Policy Review Body. Other bodies include a Council for Trade in Goods, a Council for Trade in Services and a Council for Trade-Related Aspects of Intellectual Property Rights, which will, respectively, oversee the functioning of the multilateral trade agreements as set out in annex 1. A Committee on Budget, Finance and Administration, a Committee on Trade and Development and a Committee on Balance-of-Payments Restrictions will be established by the Ministerial Conference (art. IV).

33. The General Council of WTO will make arrangements to provide for effective cooperation with other intergovernmental organizations that have related responsibilities, as well as arrangements for consultation and cooperation with non-governmental organizations concerned with matters related to those of WTO (art. V).

34. The WTO agreement provides for the establishment of a secretariat headed by a Director-General (art. VI) and that its financial regulations will be based, as far as practicable, on the regulations and practices of the General Agreement on Tariffs and Trade 1947 (art. VII). WTO will have a legal personality and will be accorded by its members such legal capacity as may be necessary for the exercise of its functions. It will enjoy privileges and immunities similar to those stipulated in the Convention on the Privileges and Immunities of the Specialized Agencies, approved by the General Assembly of the United Nations on 21 November 1947 (art. VIII). In July 1994, the WTO Preparatory Committee designated Geneva as the seat of WTO, taking into account two basic factors; that Geneva was already host to some international organizations with which WTO was expected to establish a close working relationship, and that the transition from the General Agreement on Tariffs and Trade to WTO should be as smooth and secure as possible.

3. Decision-making and amendment procedures

35. The agreement foresees that WTO will continue the GATT practice of decision-making by consensus. However, when a decision cannot be arrived at by consensus, and also in some cases where amendments are being proposed, the matter will be decided by voting (arts. IX and X). In this respect, different procedures, which are without precedent in other international organizations, have been established depending on the issue involved, such as voting decisions by two-thirds or three-fourths majority of the members.

36. Each member will have one vote at meetings of the Ministerial Conference and the General Council, except that the European Communities 13/ will have a number of votes equal to the number of its member States that are members of WTO, but in no case will the overall number of votes of the European Communities exceed the number of its member States.

4. Original membership and accession

37. The WTO agreement stipulates that the contracting parties to the General Agreement on Tariffs and Trade 1947, as of the date of entry into force of that Agreement, and the European Communities, which accept the agreement and the multilateral trade agreements, and which have submitted their schedules of concessions in goods (annexed to the General Agreement on Tariffs and Trade 1994) and services (annexed to the General Agreement on Trade in Services), are eligible to become original members of WTO. The only exemption from that basic requirement relates to the least developed countries, which will be required to undertake commitments and concessions only to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities. However, they are still required to make concessions on trade in goods and services.

38. The provision on accession is similar to that of the General Agreement on Tariffs and Trade 1947, except in the case of a separate customs territory (art. XII). Under article XXVI:5 of the General Agreement on Tariffs and Trade 1947, accession of a separate customs territory was achieved by sponsorship through a declaration by the responsible contracting party. In the WTO agreement, no distinction is made between a State or a separate customs territory in that both are entitled to become WTO members provided that the latter has full autonomy in the conduct of its external commercial relations. In the explanatory notes to the WTO agreement, the terms "country" or "countries" as used in the WTO agreement or the multilateral trade agreements are understood to include any customs territory member of WTO.

39. Accession to the plurilateral trade agreements will be governed by the provisions of the agreements concerned.

5. Definitive application

40. The WTO agreement contains the obligation that each member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed agreements (art. XVI). Possible different interpretations of this provision will have to be resolved through recourse to the dispute settlement mechanism. The Protocol of Provisional Application of the General Agreement on Tariffs and Trade 1947, which permitted contracting parties to maintain mandatory legislation contrary to the General Agreement in force prior to their accession, is abolished with one exception. 14/

6. Other provisions

41. The WTO agreement contains a non-application article (art. XIII), which can only be invoked with respect to original WTO members if the corresponding provision of the General Agreement on Tariffs and Trade 1947 (art. XXXV) had previously been invoked and was effective at the time of entry into force of the WTO agreement for the members concerned. It can be invoked against a new WTO member only if the member not consenting to the application has so notified the Ministerial Conference before the approval of the terms of accession of the former. The non-application clause differs from the similar requirement of article XXXV of the General Agreement on Tariffs and Trade 1947, which could only be invoked if the countries concerned had not previously entered into tariff negotiations. Non-application of plurilateral trade agreements will be governed by their own provisions.

42. The WTO agreement, together with the multilateral trade agreements annexed to it, will remain open for acceptance for a period of two years following the date of the agreement's entry into force. An acceptance after that date will enter into force on the thirtieth day following the deposit of the instrument of acceptance. A member which accepts the agreement after its entry into force is required to implement those concessions and obligations in the multilateral trade agreements that contain time periods starting with the entry into force of the WTO agreement as if it had accepted that agreement on the date of its entry into force (retroactive application of certain obligations) (art. XIV).

43. Withdrawal from the WTO agreement applies also to the multilateral trade agreements and will take effect upon the expiration of six months from the date on which written notice of withdrawal is received by the Director-General of WTO (article XV).

44. The WTO agreement will be deposited with the Director-General of WTO and registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

IV. INSTITUTIONAL ARRANGEMENTS BETWEEN THE UNITED NATIONS AND GATT/WTO

45. There has never been any formal agreement between the United Nations and GATT regulating their mutual relationship. However, under the existing relationship, GATT is treated as a United Nations specialized agency on a de facto basis. Such status was defined in an exchange of letters between the Secretary-General of the United Nations and the Executive Secretary (now Director-General) of GATT in 1952, confirming also the working arrangements between the United Nations and GATT secretariats. Cooperation and coordination between the United Nations and GATT has also been carried out through the Administrative Committee on Coordination, in which the Director-General of GATT participates. The United Nations and GATT are represented at each other's official meetings as observers.

46. Some new forms of informal cooperation and coordination have been developing recently between UNCTAD and GATT. For example, the Director-General

of GATT or his representative have been regularly addressing the informal meetings of the Trade and Development Board on the issues relating to the Uruguay Round. The UNCTAD secretariat made several contributions to the GATT Committee on Trade and Development, as well as to the Uruguay Round negotiating groups. However, these forms of cooperation are not subject to any formal agreement or understanding between the United Nations and GATT.

47. Since 1968, the International Trade Centre has been jointly operated by UNCTAD and GATT. The legal status of the Centre in regard to the United Nations system was approved in 1974 both by the General Assembly and by the GATT Contracting Parties. Under this arrangement, UNCTAD and GATT have a joint and equal responsibility for the general policy and orientation of the Centre's programme.

48. The replacement of GATT by WTO, which will have the status of an international organization, poses the question of the need for it to have a formal relationship with the United Nations. In this context, it is essential to recognize that, in view of the growing linkages between issues and policies in the areas of trade, finance, investment, technology, services and the environment, achieving greater coherence in global economic policy-making and evolving a responsible system of global governance are also required. This has been partly recognized by the provision of the WTO agreement calling for the new organization to cooperate, as appropriate, with IMF and the World Bank with a view to achieving greater coherence in global economic policy-making. However, such a system also requires close cooperation between WTO and the United Nations.

49. Existing de facto cooperation arrangements between the United Nations and GATT should be strengthened to reflect the new context created by the establishment of WTO. In particular, a broad range of issues would call for consideration of cooperation arrangements between UNCTAD and WTO, including the status of the International Trade Centre, whose effectiveness should be enhanced, while remaining a joint United Nations-GATT/WTO body; technical cooperation focused on assisting developing countries and economies in transition in their efforts to integrate fully into the multilateral trading system and implement the Uruguay Round agreements; and policy analysis and consensus-building on new and emerging issues in the international trade agenda.

50. Recently, there has been an exchange of letters between the Secretary-General of the United Nations and the Director-General of GATT on the issue of establishing a relationship between the United Nations and WTO. It was agreed to have a further exchange of views between them aimed at developing common approaches that could guide the submissions to be made to the respective legislative bodies of the United Nations and WTO for their action.

V. VIEWS OF GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

51. In pursuance of General Assembly resolution 45/201 the Secretary-General of UNCTAD, on behalf of the Secretary-General of the United Nations, solicited in 1991 the views of the executive heads of 25 specialized agencies and relevant organizations and programmes of the United Nations system on institutional

developments related to the strengthening of international organizations in the area of multilateral trade, so as to enable him to report to the Secretary-General of the United Nations. As a second step in the exercise, the Secretary-General of UNCTAD circulated a note to all Governments inviting their views.

52. Sixteen responses were received from the above-mentioned international organizations, which were taken into account in the note prepared by the UNCTAD secretariat and annexed to the note by the Secretary-General (A/46/565). Since the adoption of resolution 48/54, no further replies from international organizations have been received.

53. The Secretary-General of UNCTAD has received responses to his note verbale from nine Governments and the Commission of the European Communities. Most of these responses were brief and of a preliminary character, emphasizing that, given the still unfinished state of the Uruguay Round, the time might not be ripe to define a clear line of action or to draw correct conclusions as to the institutional needs of a global trading system. However, several replies focused on the issue of ensuring complementarity between the activities of UNCTAD and GATT.

54. Since the adoption of General Assembly resolution 48/54, no further replies from Governments have been received. However, in view of the successful conclusion of the Uruguay Round and the forthcoming establishment of WTO, as well as of the results of the mid-term review of the Cartagena Commitment conducted by the Trade and Development Board of UNCTAD and its agreed conclusions on the Uruguay Round, it may be expected that additional views of Governments and of relevant international organizations on the issue of strengthening international organizations in the area of multilateral trade will be presented to the Secretary-General, which will facilitate his further exchange of views with the Director-General of GATT on the issue of establishing a relationship between the United Nations and WTO.

Notes

1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

2/ Ibid, para. 46.

3/ See A/49/15 (vol. I).

4/ See TD/B/40(2)/26.

5/ See TD/B/40(2)/14.

6/ Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994, vol. 1.

7/ As of early August 1994, about 30 participants had ratified the Uruguay Round agreements.

8/ See GATT, Focus Newsletter, No. 107, May 1994.

9/ Preparatory Committee for WTO, documents PC/IPL/W/2 and PC/IPL/W/3.

10/ The results of the Uruguay Round have been summarized in the GATT publication: News of the Uruguay Round, NUR 084, 5 April 1994. Some recent papers containing general and sectoral evaluation of the Round have been issued by several international organizations (i.e., the Food and Agriculture Organization of the United Nations, the International Monetary Fund and the Organisation for Economic Cooperation and Development, etc.) as well as by respective national institutions. The initial assessment of the Uruguay Round, conducted by the UNCTAD secretariat pursuant to the Cartagena Commitment, has been included in the Trade and Development Report, 1994 (United Nations publication, Sales No. E.94.II.D.26), part three.

11/ See GATT, Focus Newsletter, No. 41, October 1986.

12/ Legal Instruments Embodying the Results o the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994, vol. I, pp. 137-147.

13/ The European Communities will be a member of WTO in its own right; it was not a contracting party to the General Agreement on Tariffs and Trade 1947.

14/ This exception stipulates that the provisions of Part II of the General Agreement on Tariffs and Trade 1994 will not apply to measures taken by a member under specific mandatory legislation, enacted by that member before it became a contracting party to the General Agreement on Tariffs and Trade 1947, that prohibits the use, sale or lease of foreign-built or foreign-reconstructed vessels in commercial applications between points in national waters or the waters of an exclusive economic zone (the United States of America "Jones Act").